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AN ERA OF EXCELLENCE

THE HISTORY OF GREYHOUND

Greyhound got considerable attention when a parallel breakdown of revenues and earnings for major facets of their business appeared in the 1967 annual report.

The company, which began a program of diversification in 1961, is one of a handful of U.S. companies to disclose profits by area of operations.

Greyhound has been a client of Touche Ross since the 1920's.

It began in 1914—up in windswept Hibbing, Minnesota.

Greyhound, as it was to become known, had but two employees: Andrew G. (Bus Andy) Anderson, a blacksmith, and Carl Eric Wickman, a young Swede who couldn't sell a Hupmobile car—so he began using it to haul fellow miners on short trips.

More than half-a-century later, Greyhound is a diversified company with 34,000 employees, nearly 125,000 stockholders and about 5,400 buses more than it began with.

These buses travel more than a million miles a day.

As Greyhound's first half-century faded into the pages of history, the Chicago-headquartered company could count itself the:

- largest intercity passenger-carrier and this country's only truly national passenger-transportation company
- largest industrial-equipment lessor—leasing such varied items as aircraft, railroad cars and locomotives, and millions of dollars worth of the latest computers
- largest operator of independent and escorted tours in the United States
- second-largest money-order firm
- fifth-largest food-service firm
- sixth-largest nationwide household-moving company

But back in 1914, Wickman and Anderson had all they could do just getting the buses to run—and keeping their vehicles' dust down to an acceptable minimum.

Here's a first-person recollection of those beginning times by a local newspaperman:

When I was a small boy, the Alice Firehall was just a skip and a holler from home—across the empty lot and past the Lawyer Collins house. From the back of the firehall I would peer in at the big, shiny fire horses,

and then trot around to the front to watch "The Hupp" come in, kicking up dust like a runaway team.

The Hupp was the affectionate name for the 1914-model, seven-passenger Hupmobile that provided bus service between the tiny village of Alice, where I lived, and Hibbing, two miles to the north. Alice was a suburb (though no one ever used the term) of Hibbing, a mining town of 10,000 population that was fast being encircled by what was to become the world's largest open pit iron mine.

Hibbing had a mixed population of miners from Upper Michigan, lumberjacks and immigrants from a dozen European countries. Among the immigrants were Carl Eric Wickman and Andrew G. Anderson, a pair of diamond drill operators with a flair for mechanics and the ability to see an opportunity. The opportunity was provided by an unsold automobile at the Wenberg Hupmobile agency, where Anderson was a part-time salesman, and the need for the people of Alice for transportation "to town."

Most mining communities on the range were built within a short walking distance of the mines that provided their economic sustenance, but Alice sat alone, two miles away from the nearest mine and employment. In the spring of 1914 Wickman and Anderson started to make regular runs with the seven-passenger touring car between Alice and Hibbing. The venture was an immediate success with loads of 15 to 20 passengers not unusual.

To that small boy The Hupp was a wonderful creature, for although its brassy beauty usually was veiled in dust, it could thrill to the sound of its 35 horses, prancing and champing under the hood. Its arrival was a time for coming and going; for the fascination of watching the women struggling into the vehicle, their hobble skirts hiked all the way to the tops of their high button shoes.

The jitney fare was 15 cents one way and 25 cents round trip, a lot of money when 15 cents would buy

a week's candy rations and a quarter a good jack-knife. Besides, it wasn't much fun to ride on the jitney because we little kids had to sit inside on the laps of the women, just like the girls. Only the bigger boys got to stand on the running boards with the men, or perch on hood or fenders.

Usually when we had business in town, dad or mother would hitch old Jim to the buggy and off we'd go. When The Hupp came we'd pull out of the main ruts and wave it by, as Jim wasn't afraid of automobiles. The laws of Minnesota then required that "The operator of a motor vehicle shall, on signal by raising of the hand, or by request of a person leading, riding or driving a horse, bring such motor vehicle to a stop."

The law didn't say anything about cows and didn't need to. They went their own imperturbable way without heed for The Hupp—even when it blew its electric horn.

In spite of the handicaps of right-of-way, plus motor breakdowns, tire blowouts and leaky radiators, the bus business continued to expand. Next came the transition from touring cars to enclosed buses. Among the first were two White truck chassis with custom-built bodies.

The Mesabi* Range was in the period of its greatest growth, spurred on by World War I's need for steel and its raw material, iron ore. Most of the towns on

*Spelled Mesabi, Mesaba, Missabe, Messaba, Mesabbi, etc.

the range were within six to 20 miles from Hibbing. New routes were established to these communities to the east and west.

By 1916 more capital and more drivers were needed. The Mesabi Transportation Company was organized. There were now five members of the corporation, which owned five buses. Each man was a director of the company and each was a driver.

Soon the buses were going to such "far-off" places as Duluth and Minneapolis, 80 and 200 miles away. A waiting farmer on one of these routes was passed by a driver who failed to see him. The farmer hopped onto the back of the bus and clung there to the next stop. Then climbing into the bus he shook his finger in the driver's face and spluttered:

"You passed me up. I'm going to tell the president of the company about this."

"Go ahead," said the driver, Eric Wickman, "I'm the president."

During the '20s growth was augmented by purchases and mergers. As youngsters we viewed the intercity bus drivers, in their military-type uniforms with Sam Browne belts and leather puttees, with the awe teenagers now reserve for astronauts and rock-and-roll singers.

One of those drivers remembered recently:

"It was an adventure and a challenge. All the time we looked forward to changes and improvements—new buses, new motors, new braking systems."

He recalled being snowbound for three days on the drift-clogged road that skirted Mille Lac Lake. During the spring break-up when the heavy buses were barred from the roads, the drivers used their own cars, and kept the fares they collected. Pavement extended only a few miles out of larger cities. The fellow who drove a bus in Hibbing this week might be in Seattle or Chicago next week, helping to start a new line.

This was the school that produced the early leaders for Greyhound.

And so it began . . .

That was the era of the Sunday outing on the trolley. Young men who dressed right donned derby hats and striped jackets. The womenfolk wore bird-studded hats. Housewives fretted at the prediction that skirts would climb above the ankle line.

Moustache cups were household items, canoeing was a favorite pastime and outdoor dance pavilions dotted the countryside.

In California, enterprising auto owners began pulling up to trolley stops and offering rides for a "jitney"

—a nickel. Out of Stockton alone, there were 67 jitney operations, an industry old-timer recalls.

The foundation for Greyhound—which today carries more than 100 million passengers every year on its buses over 100,000 miles of routes—was set during those early, uncertain years.

The bus business was governed by few rules and regulations. Decisions, for the most part, were made on the spur of the moment.

They were strange and wonderful days. Muscle was essential for bus drivers because they often had to fight for their fares. Bus maintenance was a matter of muscle, too: A strong arm was a necessity for cranking cold motors.

Much debate exists over where Greyhound got its start and who fathered intercity-bus transportation. Hibbing's Wickman is said by some to have been the first man to work with established persons and carry through to achieve eventual success.

Others say Greyhound would have been a "puny pup" without the contributions of two San Franciscans: W. E. (Buck) Travis and his accountant, Frederick W. Ackerman, who went on to become Greyhound Corporation chairman.

Up in Superior, Wisconsin, meanwhile, another crusader for bus transportation was making progress. Orville S. Caesar had begun as a mechanic, later became an auto dealer as Wickman had. He also was unable to sell his cars—so he started a bus line.

The die had been cast: The auto-bus era had arrived.

Travis exerted a strong influence on the lush-like growth of the bus industry. His efforts to produce better buses, better schedules and low fares brought about an unparalleled growth in bus patronage. California became, in many respects, an oasis for bus development.

Bus companies, many of them one-man operations, began sprouting all over the United States. Some historians call them "wildcat operators," but others claim this is a misnomer since no regulations existed governing bus operations then.

The industry spawned such lines as Jack Rabbit, White Swan, Whippet, Tiger and Golden Eagle. Blue Goose Lines was to come later. Bus tickets were sold on the streets. Operations on the average line were hamstrung by price-cutting, substandard equipment, and ineffective maintenance and management. Surprisingly, many of the small bus companies made money in spite of themselves.

The vision of Greyhound as a coast-to-coast travel network was practically non-existent. But there were a few splinters of evidence... a few signs that the impact of bus travel would become a national force.

Wickman sold his interest in the Mesabi Company in 1922. He bought the White Lines of Duluth, extending them to Minneapolis. His partners spread out in Michigan, Wisconsin and Indiana to develop bus lines of their own.

In 1921 Frank Fageol manufactured the first real intercity type bus.* Several of these coaches were painted grey, and reportedly looked so slim and trim that someone dubbed them "The Greyhounds."

Some historians trace the name "Greyhound" back to California. Says one veteran on the scene in those early days: "'Greyhound' might have first been used with respect to operations that were conducted between Los Angeles and Bakersfield as early as 1912..."

Regardless, Fageol's buses operated out of Muskegon, Michigan. To spread its name, the company—originally called the Safety Motor Coach Lines—in 1922 adopted the slogan, "Ride the Greyhounds." When this line became a part of Motor Transit Company, the distinctive name of "Greyhound" was chosen because of its advertising possibilities.

Now the name has become a national symbol for dependable transportation.

In 1925 more than 6,500 intercity bus companies existed in the United States. They operated over 7,800 different routes. Each company had an average of only two buses. Operations were inefficient, and in most instances, fares were high.

The need for molding these spotty operations into a unit became apparent to Wickman and Caesar. In 1925 they joined their companies and their efforts. The men obtained the first of several railroad transfusions from the Great Northern Railroad, which bought a majority interest in Northland Transportation Company. The company latched on to many of Mesabi's old routes and welded together the Boulevard Transportation Company, Long Prairie Bus Line, Van Tassel Auto Bus Line and others. Thus, the growing tide of Greyhound gained momentum.

By 1926 Wickman and Caesar had brought order out of disorder and fashioned a coordinated system

*Disagreement exists on this point, too. The first real passenger bus constructed as a bus body on a truck chassis, according to one source, was manufactured by Travis out in California in the early '20s.

of transportation, Motor Transit Management.

That year also marked the start of a uniform setup for Greyhound's package express service, though its origin can be traced to the beginning of the bus business. In the early days packages were handled by bus drivers as an accommodation for friends. It was not until 1936 that buses were manufactured with compartments for baggage and package express. But before then, express was transported in "boots" attached to the rear of the bus and in racks that were canvas-covered on top of the bus. These spaces provided for the transportation of baggage as well as package express.

Motor Transit began stretching east from Detroit in 1928. A year later it had 5,000 miles of routes, including most of the major ones between Chicago and New York City. The company's research led to the first major change in bus design—placement of the motor up over the front axle, thereby increasing the seating capacity from twenty-nine to thirty-three. Earlier, the problem of heating buses had prompted Caesar to invent a hot water heater, one that was adopted by many automobile makers.

A Minneapolis banker, Glenn Traer, took over the financial reins and rallied the public to invest in the company. In 1928 an "extending and expanding" program was launched that spread across the nation like wildfire. As many as sixty bus lines were placed on the books in a matter of weeks.

Pickwick Stages in California was added, and Buck Travis' giant Pioneer Yellowway System, which once had been a small motor stage operation, was purchased at a cost of six million dollars.

Capital was obtained from several railroads—Southern Pacific, Pennsylvania and New York Central—through issuance of preferred or common stock. This enabled Motor Transit to add new links to its chain of operations. It acquired Southland Transportation Company in Texas; created Northland Greyhound Lines; purchased Colonial Motor Coach Company in New York; formed Pennsylvania and Central Greyhound Lines; bought the Gray Line operating between New York and Boston.

This rapid, blanket-like spreading of bus transportation had all the earmarks of a phenomenon. And, more remarkably, it had taken place in a mere fifteen years.

In 1930 Motor Transit officially became Greyhound Corporation. The "running dog" became its trademark. The almost-unbelievable growth rate continued. In 1933, Greyhound had 40,000 route-miles.

Chicago's Century of Progress in 1933 proved to be a special business stimulant to Greyhound, as the 1964-5 New York World's Fair would be thirty-odd years later.

At Chicago, as in New York City, Greyhound operated buses on the fairgrounds themselves, and brought visitors to the exhibition from every state in the nation, providing them with hotel rooms. Many of the fairgoers were from foreign countries. (This was especially so during the New York fair later.)

Success of the Chicago tour experience sparked birth of Greyhound Highway Tours and establishment of travel agencies in many key cities in the United States, Europe and South America.

A year later, the engine-in-the-rear bus was introduced with a seating capacity of thirty-seven passengers. Two years later Greyhound came out with the first air-conditioned bus.

Greyhound began buying and building its own Post Houses in 1937—a network of restaurants and rest stops.

After years of study and research, the diesel engine was adopted as standard on all buses. This was in 1938. Plans for a new bus that would create new travel comforts—indeed, a whole new era of travel—were started in 1940. World War II delayed introduction of the dual-level Scenicruiser until 1954. In the following 10 years, it became the nation's best-known bus, only to be succeeded by a bigger and better bus in 1967.

During World War II, Greyhound performed vital services. It transported troops to embarkation points, carried inductees and war workers—and at the same time, provided facilities for shipping war materials by means of its package express service. Greyhound

provided a fleet of special "Silver-side" buses for Army use over the 1,600 miles of the Alcan Highway.

More than fifty per cent of the persons who traveled between cities during wartime did so by bus. In fact, Greyhound had to advertise to discourage people from traveling. "Don't travel unless your trip is essential" and "Serve America now so you can see America later" were messages Greyhound relayed to the public.

Completion of turnpikes in the East in the '40s and '50s spelled the start of Greyhound's "express service" for passenger travel.

The company was operating more than 5,000 buses over 90,000 miles of routes in every state and in Canada. Ownership of Greyhound Corporation had increased to more than 50,000 stockholders. The corporation owned virtually all seventeen of its operating companies. Railroads, which once had blood roots in Greyhound, now held only minority interests.

Then came the '60s. Greyhound began to diversify, in line with a policy adopted in 1961. In 1962 it bought Boothe Leasing Corporation, since renamed Greyhound Leasing & Financial Corporation. In 1964 came Home's Enterprises, Prophet Company (now Prophet Foods Company) and General Fire & Casualty Company. The same year saw creation of Greyhound Food Management to direct Greyhound's growing food operations, and expansion of Motor Coach Industries, our bus-manufacturing subsidiary, into bus-production for Greyhound in the United States.

As the '60s started downhill, Greyhound began expanding overseas. Greyhound bought a Holland-based bus company, since renamed VAVO-Greyhound. Greyhound Leasing kept 50 per cent interest

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in a Swiss leasing company, Greyhound Financial & Leasing Corporation. In cooperation with Au Bon Marche, a large European merchandising organization, Greyhound entered the industrial-catering field through a newly created subsidiary, Restaura, S. A. Greyhound's leasing operations were extended to Canada.

Meanwhile, Travelers Express Company and Brewster Transport Company were acquired. Greyhound broadened its interest in the pleasure travel market with acquisition of Washington Sightseeing Tours.

So, today, Greyhound provides intercity bus service throughout the United States and Canada . . . intracity and intercity bus service in The Netherlands . . . tours throughout the United States, Canada, Mexico, Europe and elsewhere in the world . . . sightseeing in various parts of this country and Canada.

Greyhound also is engaged in bus manufacturing . . . food services, including highway restaurants, some in conjunction with franchised motor lodges . . . industrial-equipment leasing in the United States, Canada and western Europe . . . computer leasing . . . sale of various types of insurance and of money orders . . . and household moving and storage.

Sports fans going to the big game, students taking historic tours, church and club groups attending meetings and conventions, employees going to sales meetings or business shows—all these and more now travel together safely, conveniently and economically on chartered Greyhound buses.

As an expert in the field of transporting people, it was natural that Greyhound should be good at moving things as well. Thus, Greyhound Van Lines, the company's moving and storage subsidiary, became an important and full-fledged member of the "family."

This nationwide firm, organized in 1929, is one of Greyhound's oldest subsidiaries. It serves 49 states throughout the country and has 425 agents plus 32 company sales and service offices, most of which have warehouses.

Its reputation for careful handling and safe delivery was demonstrated when Greyhound was chosen for the job of moving several space capsules on earth-bound journeys.

Special bus tours, both independent and escorted, are available to vacation areas, major cities and other points of interest throughout the United States and beyond our borders to almost anywhere in the world.

New hotel and resort facilities, additional sightseeing features and special package plans are continually being added to this service to keep Greyhound in the lead with the most comprehensive tour program available anywhere.

Thanks to Greyhound package express, business and industry have been able to eliminate many former shipping problems. Not only does package express offer more service to more places, but it provides this service seven days a week, twenty-four hours a day, including weekends and holidays.

As the '60s neared an end, Greyhound's famous bus slogan—"Go Greyhound . . . and leave the driving to us"—had become a part of the current language.

So, too, had the famous name "Greyhound" become not just synonymous with leadership in bus travel . . . but with progress and productive enthusiasm in every area of its vast, worldwide operation.

As its predecessors in 1914 strove to provide a dependable transportation service, so did Greyhound of the '60s seek to establish itself in the public's mind as a fair, progressive, well-managed company with its eye firmly on a diversified future.